

Message Text

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51

ACTION EB-11

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UNCLAS BUENOS AIRES 8124

DEPT PASS OPIC

E.O. 11652: N/A

TAGS: ECON, AR

SUBJECT: ARGENTINE DRAFT FOREIGN INVESTMENT LAW:

GOA REPORTED READY TO SUBSTITUTE NEW TEXT

REF: A) BA-7920; B) BA-7848; C) BA-7417; D) BA-7157;

E) BA-5756; F) BA-4568

1. DAILY NEWSPAPER LA OPINION CARRIED STORY NOV.6 ALLEGING THAT PERON HAS DIRECTED MINISTRY OF ECONOMY TO WITHDRAW DRAFT FOREIGN INVESTMENT LAW FROM CONGRESS AND REPLACE IT WITH NEW DRAFT. DECISION FOLLOWS MEETING OF "ECONOMIC CABINET" WITH PERON LAST FRIDAY DURING WHICH PERON REPORTEDLY LAID DOWN QUOTE DEFINITIVE CRITERIA UNQUOTE REGARDING LEGAL REGIME FOR FOREIGN INVESTMENT. NEXT STEP WOULD BE WITHDRAWAL OF PRESENT TEXT FROM CHAMBER OF DEPUTIES AND SUBMISSION OF SUBSTITUTION DRAFT INCORPORATING PERON'S DIRECTIVES.

2. NO OTHER MORNING DAILIES PICKED UP THIS STORY; HOWEVER, LA OPINION IS REGARDED AS HAVING CLOSE CONNECTIONS WITH MINISTER OF ECONOMY GELBARD, AND STORY REFERS TO QUOTE OFFICIAL SOURCES UNQUOTE AS BASIS FOR UNCLASSIFIED

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REPORT. SUBSTITUTION OF NEW DRAFT WOULD BE CON-

SISTENT WITH MOST RECENT DEVELOPMENTS, REPORTED IN REFTELS A AND B, WHICH INDICATED GELBARD AND PERON FEARED IMPACT OF PASSAGE OF PRESENT TEXT. CONGRESS HAS NOW SPENT OVER FOUR MONTHS PLAYING INTERMINABLE GAME OF RHETORICAL BADMINTON WITH THIS MEASURE, WHILE PERON HAS REPEATEDLY STRESSED NEED FOR STABLE AND RESONABLE SET OF RULES TO ENCOURAGE FOREIGN INVESTORS TO RISK CAPITAL IN ARGENTINA. LONG DELAY AND OVERHEATED NATIONALISTIC DEBATES IN CONGRESS MAY CONSTITUTE A MAJOR REASON WHY FREQUENT REFERENCES BY GOA OFFICIALS OF PENDING INVESTMENT AGREEMENTS WITH ITALY AND OTHER SOURCES HAVE PRODUCED NO CONCRETE RESULTS THUS FAR. ON THE OTHER HAND, IT WILL BE EXTREMELY INTERESTING TO OBSERVE EXTENT TO WHICH PERON MAY FEEL HIMSELF OBLIGED TO COMPROMISE IN TONE OR SUBSTANCE WITH MORE IDEOLOGICAL ELEMENTS IN CONGRESS REGARDING ROLE TO BE ALLOTTED FOREIGN CAPITAL. LODGE

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